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Chiang Releases December Cash Figures

SACRAMENTO – State Controller John Chiang today released his monthly report detailing the State of California’s cash balance, receipts and disbursements for December 2008.

“December’s receipts were in line with the severe downward spiral we expected. We are short on cash and running even shorter on options. Without budget solutions from the Governor and Legislature, the State could be reduced to extreme measures that prolong the current recession, devastate local governments, and place an even greater burden on California taxpayers,” said Controller Chiang.

“I understand that everyone – every elected official, every legislator – has their own vision for a better California. Some include smaller classrooms, some include more dams, some include lower taxes and some do not. But I have trouble believing that anyone’s vision is to bring the State of California to its knees.”

In December 2008, the State’s General Fund revenue was \$831 million below the Budget Act estimate for the month. Personal income tax revenues for the month of December were \$392 million below Budget Act projections, retail sales taxes were down by \$219 million, and corporate taxes were down \$540 million. By the end of December, the State had only \$3.2 billion remaining in special funds available for internal borrowing.

While December’s income, corporate and sales tax revenues were \$800 million above the Department of Finance’s December estimates, a large portion of that amount was caused by timing issues. November’s late Thanksgiving holiday left only one business day before the end of the month, which pushed the posting date of some tax payments into the first week of December. It is unclear how much of these dollars were the result of timing issues or real revenues gains, but they do not improve the State’s cash position. Any gain was immediately offset by higher-than-anticipated expenditures.

The Controller has repeatedly warned the Governor and Legislature of the State’s fragile cash position. In early December he [spoke](#) to a Joint Convention of the Senate and Assembly and called upon legislators to address the State’s budget deficit without delay. Last week he [notified](#) agencies and departments that if California’s budget problems were not fixed immediately, the State may have to defer billions in payments or even issue IOUs.

The [financial statement](#) and the [summary analysis](#) can be found on the Controller’s Web site at www.sco.ca.gov.

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